

Financial Statements
BLOOMER TOWNSHIP
Montcalm County, Michigan

March 31, 2004



Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BLOOMER TOWNSHIP	County MONTCALM
Audit Date 3/31/04	Opinion Date 9/20/04	Date Accountant Report Submitted to State: 9/28/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) ROSLUND, PRESTAGE AND COMPANY, PC			
Street Address 308 GRATIOT AVENUE		City ALMA	State MI
Accountant Signature <i>Robert Prestage : Company P.C.</i>		ZIP 48801	Date 9/28/04

Bloomer Township
Financial Statements
March 31, 2004

Table Of Contents

	Page Number
Board Of Trustees	
Auditor's Report	
Financial Section	
Combined Balance Sheet - All Fund Types And Account Groups	1
Combined Statement Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual - Governmental Fund Types	2
Notes To Financial Statements	3 - 8
Supplemental Information	
General Fund Statement Of Expenditures	9 - 10
Agency Fund Tax Collection Agency Fund Statement Of Changes In Assets And Liabilities	11
Reports Required By Government Auditing Standards	12 - 13

Bloomer Township
Board Of Trustees
March 31, 2004

E.J. Horricks	Supervisor
Donald Baese	Clerk
Gary Seat	Treasurer
Tom Gallagher	Trustee
Daniel Smith	Trustee



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bloomer Township
Montcalm County, Michigan

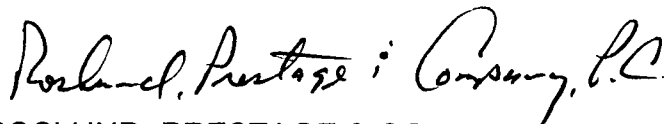
We have audited the accompanying general-purpose financial statements of Bloomer Township, Montcalm County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Bloomer Township management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Bloomer Township, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2004 on our consideration of Bloomer Township's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Bloomer Township, Montcalm County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



ROSLUND, PRESTAGE & COMPANY, P.C.
Certified Public Accountants

September 20, 2004

Bloomer Township
Combined Balance Sheet - All Fund Types And Account Groups
March 31, 2004

	Governmental Fund Types	Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Agency	General Fixed Assets	
ASSETS				
Cash And Investments	\$410,251	\$26,895	-	\$437,146
Property Taxes Receivable	2,901	-	-	2,901
Due From Other Funds	26,895	-	-	26,895
General Fixed Assets	-	-	\$140,624	140,624
Total Assets	\$440,047	\$26,895	\$140,624	\$607,566
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$22,451	-	-	\$22,451
Due To Other Funds	-	\$26,895	-	26,895
Total Liabilities	22,451	26,895	-	49,346
Other Credits				
Investment In General Fixed Assets	-	-	\$140,624	140,624
Fund Equity				
Fund Balance - Unreserved	417,596	-	-	417,596
Total Fund Equity	417,596	-	-	417,596
Total Liabilities, Fund Equity And Other Credits	\$440,047	\$26,895	\$140,624	\$607,566

See Accompanying Notes To Financial Statements

Bloomer Township
Combined Statement Of Revenues, Expenditures, And Changes In Fund Balance -
Budget And Actual - Governmental Fund Types
Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Variance
Revenues			
Taxes And Penalties	\$29,095	\$26,080	(\$3,015)
State Grants	170,000	190,603	20,603
Charges For Services	1,520	1,270	(250)
Interest And Rentals	3,700	5,342	1,642
Other Revenues	2,912	2,877	(35)
Total Revenues	207,227	226,172	18,945
Expenditures			
Legislative	3,724	3,799	(75)
General Government	62,589	49,532	13,057
Public Safety	22,459	23,358	(899)
Public Works	116,000	141,904	(25,904)
Other	18,911	10,682	8,229
Capital Outlay	-	-	-
Total Expenditures	223,683	229,275	(5,592)
Excess Of Revenues Over (Under) Expenditures	(16,456)	(3,103)	13,353
Fund Balance - April 1, 2003	420,699	420,699	-
Fund Balance - March 31, 2004	\$404,243	\$417,596	\$13,353

See Accompanying Notes To Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Bloomer Township was organized within Montcalm County and covers an area of approximately 36 square miles. The Township operates under an elected board of trustees (5 members) and provides services to its more than 1,000 residents in many areas including road maintenance and fire protection.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" these financial statements of Bloomer Township contain all of the funds and account groups that are controlled by or dependent on the Township's executive or legislative branches. Control by or dependence on the Township was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligations of the Township to finance any deficits that may occur, receipts of significant subsidies from the Township, disposition of surplus funds, scope of public services, and whether the financial statements would be misleading if data were not included.

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Township has the following fund types:

GOVERNMENTAL FUNDS

Governmental funds are used to account for the Township's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Bloomer Township
Notes To Financial Statements
March 31, 2004

The Township considers all revenues available if they are collected within 60 days after year end. Property tax revenue is recognized in accordance with the Michigan Committee on Governmental Accounting and Auditing Statement No. 3, "Revenue Recognition of Property Taxes".

Expenditures are recorded when the related fund liability is incurred except expenditures are not normally divided between years by the recording of prepaid expenses, and payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

Property taxes, interest, licenses, and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Township and are recognized as revenue at that time.

Entitlement and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds of the Township include the following fund types:

General Fund - The general fund is the primary operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments, or other funds. Fiduciary funds of the Township include the following fund types:

Agency Fund - Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The Township has one agency fund; Current Tax Collection Fund.

ACCOUNT GROUPS

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds.

Bloomer Township
Notes To Financial Statements
March 31, 2004

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables." All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Fixed Assets

Fixed assets used in the general operations of the Township are recorded as expenditures when purchased and are accounted for in the general fixed asset account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. No depreciation has been provided on general fixed assets. Infrastructure assets, including roads, bridges, sewers, drains, curbs, and gutters are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not included in the general fixed asset account group.

Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Bloomer Township
Notes To Financial Statements
March 31, 2004

Property Taxes

Taxes are levied each December 1st based on the state equalized valuation of the property located in the Township as of the preceding December 31. The Township bills and collects its own property taxes. Collection of taxes and remittance of them to various entities are accounted for in the Township's agency fund. Township property tax revenues are recognized when levied to the extent that they result in current receivables. These taxes are due in September and February with a final collection date of February 28th. The County purchases any uncollected real property taxes returned delinquent.

The 2003 state taxable value for the Township amounted to \$25,488,070, which ad valorem taxes levied for Township operations consisted of .8298 mills or \$21,150 for general operations.

Combining Statements

The Township has only one fiduciary fund, the tax collection agency fund. Accordingly, no combining financial statements are necessary for that fund type.

Budgets And Budgetary Accounting

Budgets are adopted by the Township for the general fund and special revenues funds. The budget is adopted and prepared on the modified accrual basis of accounting. The budget is adopted at the function level. The budgeted revenues and expenditures for governmental fund types, as presented in this report, include any authorized amendments to the original budget as adopted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the function level. During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated as shown on page 2 of this report.

NOTE 3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Deposits And Investments

Michigan Deposits are carried at cost. Deposits are held in financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township's deposits and investments are in accordance with statutory authority.

The bank balance, carrying amount, and market value of the Township's cash and cash equivalents are shown in the table below. Of the bank balance, \$100,000 was covered by federal depository insurance (FDIC) and \$337,146 was uninsured and uncollateralized. Deposits that exceed FDIC insurance coverage limits are held at local banks.

Bloomer Township
Notes To Financial Statements
March 31, 2004

Type	Bank Balance	Carrying Amounts	Market Value
Checking Accounts	\$31,267	\$28,956	\$28,956
Money Market Accounts	408,190	408,190	408,190
Total	\$439,457	\$437,146	\$437,146

Summary Of Changes In General Fixed Assets

Description	Balance 4/1/03	Additions	Disposals	Balance 3/31/04
Land & Improvements	\$122,855			\$122,855
Voting Machine	300			300
Office Equipment	17,469			17,469
Total	\$140,624			\$140,624

Building Inspection Department Fund

Public Act 245 of 1999 was signed on December 28, 1999 and took immediate effect. This act amends the State Construction Code Act (Public Act 230 of 1972) and requires, among other things, the establishment of a special revenue fund to account for the revenues and expenditures associated with issuing building permits, examining plans and specifications, inspecting construction before issuing permits, and issuing certificates of use and occupancy.

The Township has not established this fund because the fee structure is not intended to recover the full cost and the Township has the ability to track the full cost and revenues of this activity without creating a separate fund.

Risk Management

The Township is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverages obtained through commercial insurance during the past year.

Bloomer Township
General Fund
Statement Of Expenditures
Year Ended March 31, 2004

Legislative

Township Board	
Salaries And Wages	\$2,460
Other	<u>1,339</u>
Total Legislative	<u>3,799</u>

General Government

Supervisor	
Salaries And Wages	<u>4,300</u>

Assessor	
Contracted Services	9,849
Supplies	<u>347</u>
Total Assessor	<u>10,196</u>

Elections	
Contracted Services	<u>84</u>

Clerk	
Salaries And Wages	6,651
Supplies	279
Other	<u>1,220</u>
Total Clerk	<u>8,150</u>

Treasurer	
Salaries And Wages	7,951
Supplies	1,037
Other	<u>1,243</u>
Total Treasurer	<u>10,231</u>

Board Of Review	
Salaries And Wages	<u>100</u>

Building and Grounds	
Repairs And Maintenance	11,186
Utilities	<u>1,078</u>
Total Building And Grounds	<u>12,264</u>

Cemetery	
Salaries And Wages	3,444
Repairs And Maintenance	<u>763</u>
Total Cemetery	<u>4,207</u>

Total General Government	<u>49,532</u>
---------------------------------	---------------

See Accompanying Notes To Financial Statements

Bloomer Township
General Fund
Statement Of Expenditures (Continued)
Year Ended March 31, 2004

Public Safety

 Zoning Board

 Other \$1,022

Planning Commission

 Salaries And Wages 5,680

Fire Protection

 Contracted Services 16,656

 Total Public Safety 23,358

Public Works

 Drains At Large

 Contracted Services 16,710

 Highways, Streets And Bridges 125,194

 Total Public Works 141,904

Other

 Payroll Taxes 3,530

 Other 7,152

 Total Other 10,682

Capital Outlay -

 Total Expenditures \$229,275

See Accompanying Notes To Financial Statements

Bloomer Township
Tax Collection Agency Fund
Statement Of Changes In
Assets And Liabilities
Year Ended March 31, 2004

	Balance 4/1/2003	Increases	Decreases	Balance 3/31/2004
ASSETS				
Cash	\$24,743	\$652,419	\$650,267	\$26,895
Total Assets	<u>\$24,743</u>	<u>\$652,419</u>	<u>\$650,267</u>	<u>\$26,895</u>
LIABILITIES				
Due To General Fund	\$24,743	\$26,895	\$24,743	\$26,895
Due To Other Governmental Units	<u>-</u>	<u>625,524</u>	<u>625,524</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>\$652,419</u>	<u>\$650,267</u>	<u>\$26,895</u>

See Accompanying Notes To Financial Statements



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To The Board Of Trustees
Bloomer Township
Montcalm County, Michigan

We have audited the general-purpose financial statements of Bloomer Township as of and for the year ended March 31, 2004, and have issued our report thereon dated September 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bloomer Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bloomer Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Bloomer Township in a separate letter dated September 20, 2004.

This report is intended for the information of management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 20, 2004



Management Letter

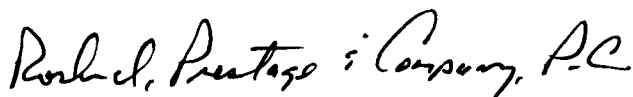
Members of the Board
Bloomer Township, Michigan

In planning and performing our audit of the financial statements of Bloomer Township for the fiscal year ended March 31, 2004, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our audit report dated September 20, 2004 on the financial statements of Bloomer Township.

We will review the status of these comments during our next audit engagement. We have discussed these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience.

Sincerely,



Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 20, 2004

GASB No. 34

On June 10, 1999, the GASB unanimously approved the issuance of GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This Statement will have a significant impact on the way state and local governments report their finances to the public.

GASB No. 34 establishes new requirements for the annual financial reports of state and local governments. The basic financial statements and required supplementary information for general purpose governments will include Management's discussion and analysis (MD&A). The MD&A is a narrative report prepared in an easy-to-read format by the financial manager. It should introduce the basic financial statements; provide an analytical over-view of the financial activities for the year based on the financial manager's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the government's operations. Use of charts, tables, and graphs is encouraged.

In addition to the MD&A, full accrual accounting will also be required, which includes depreciation and capitalization of fixed assets. A substantial amount of time by management of Bloomer Township will be required to implement GASB No. 34.

The requirements of this GASB Statement are effective in three phases based on the total annual revenues of the government. For Bloomer Township, the effective implementation date must begin on April 1, 2004 and will be reflected in the financial statements to be issued for the March 31, 2006 audit.

We would be pleased to assist you with implementing GASB No. 34.

Organizational Structure

The size of the organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that all Township Board Members remain involved in the financial affairs of the organization to provide oversight and independent review functions.

Page Three
Bloomer Township

Approval of Wage Increases

The minutes currently refer to approval of salaries and wages. However, the reference is to a percentage increase over the prior year's amounts. We recommend that the minutes be expanded to include the actual annual salaries and/or hourly pay rates. This will make the process of determining the specific salary or wage rates in effect much easier.